SECTION C

Multiple Award Schedules Desk Guide

UNDERSTANDING AND PREPARING THE DISCOUNT SCHEDULE AND MARKETING DATA SHEETS

Purpose of DSMD

All multiple award schedule (MAS) solicitations contain a section of inquiries collectively called the Discount Schedule and Marketing Data (DSMD) Sheets. The DSMD is a critical part of the multiple award solicitation. Information provided in the DSMD is used by the contracting officer to determine if the prices offered are commercial prices pursuant to FAR 15.804-3. Sales, discounts, and marketing data supplied in the DSMD also form the basis for establishing the Government's negotiation objectives.

The GSA Policy Statement on Multiple Award Schedule (Policy Statement) is the governing authority for use of the DSMD, and requires its inclusion in all MAS solicitations. The Policy Statement provides the contracting officer with the latitude in establishing a negotiation objective to consider various factors which may influence the offeror's pricing arrangements, and which may be meaningful in arriving at a fair and reasonable price. The Policy Statement in its entirety is located in Part 5 of this guide.

The Government's goal in negotiating MAS contracts is to obtain prices/discounts which equal or exceed the best discounts/pricing arrangements extended by offerors to their commercial customers, terms and conditions considered.

41 U.S.C. 254(d) requires submission and certification of cost or pricing data under certain circumstances. Cost or pricing data is a rather in-depth analysis of all of the cost factors, e.g., labor, materials and components, overhead, transportation, etc., that are considered in pricing an item. Offerors may be exempt from submitting the lengthy cost or pricing data if they meet one of three conditions.

- when prices are the result of adequate price competition;
- when prices are based on established catalog or market prices of commercial items, sold in substantial quantities, to the general public, or;
- when prices are set by law or regulation.

Since the intent of MAS contracting is to make standard off-the-shelf items available to the Government, the exemption based on substantial sales of commercial items is usually claimed by MAS offerors to avoid the requirement to submit cost or pricing data. GSA has elected to obtain information in the DSMD which requests only a sampling of the offeror's top sellers in order to ascertain if this exemption to the cost or pricing requirement is proper. This sampling is sometimes referred to as a "test for commerciality" which will be discussed in more detail later in this chapter.

Section-By-Section Review of DSMD

As a MAS offeror, you will be asked to supply a variety of information on the items you are offering to the Federal Government. We recognize that much of this information is highly proprietary to your business, thus once submitted, it is not published or discussed with anyone not directly involved in the actual review or award of your offer. **The need to make accurate, complete, and current disclosures on the DSMD cannot be over-emphasized.** (The consequences of not providing full disclosure will be discussed later).

The DSMD is a key tool that is used by contracting officers in evaluating and negotiating your MAS offer. Therefore, you should take special care that you understand the information requested and have it filled out correctly. To assist you in understanding it we will "walk through" the sections of the DSMD.

The DSMD is divided into two major parts:

- *Part A* contains information of a general nature, and applies to all special item numbers (SIN) included in your offer. Only one Part A needs to be filled out for your offer.
- *Part B* contains information relating to discounts, allowances, and sales information for all classes of customers. A separate Part B must be completed for each SIN offered, unless the discount information is the same for all products under each SIN, in which case the SINS may be combined. However, separate sales data must be provided for each SIN (i.e., provide a separate Section VII of Part B for each SIN).

The DSMD is structured as follows:

Part A

Section I - Offeror's Marketing Category

Section II - Identification of Pricelist

Section III - Warranty

Section IV - Installation and Instruction

Section V - Incidental Services

Section VI - End of Contract Additional Discounts

Part B

Section I - Identification of Items Offered

Section II - Discounts offered to Government

Section III - Discounts and other concessions available to Commercial Customers

Section IV - Identical Items

Section V - Other Allowances to Commercial Customers

Section VI - Government Sales under Blanket Purchase Agreements

Section VII - Sales Information to support waiver for cost or pricing data

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The information you provide in the DSMD should identify the discounts and concessions you are proposing to the Government. Equally important, the information you provide here should identify or provide a comparison of the discounts/pricing arrangements and concessions you provide and are willing to extend to your commercial customers. Full disclosure is again stressed. Therefore be sure you understand what information is being sought. Following is a brief explanation of the DSMD by section.

Part A - General Information

Section I - Offeror's Marketing Category

Identify what type of supplier you are, or how you intend to market your items to the Government. Four general marketing categories are provided:

Offeror's Marketing Category (check applicable item)

(a)______Manufacturer selling direct - has no dealers

(b)______Manufacturer selling direct to the Government even though he has dealers.

(c)______Manufacturer selling to the Government through dealers.

(d)______Dealer selling direct to the Government. (Dealer must submit manufacturer's price list).

*(e)______Other (specify).*____________________________________

Check the response that best identifies your marketing category. Use the "catchall category" if none of the four categories fits your situation, and be sure to provide full details about your situation.

Section II - Identification of the Pricelist

Indicate the type and date of the pricelist you are proposing as the basis for your Government offer. The types identified are not intended to be all-inclusive, thus there is a "catchall category" for any pricelists that do not fit the common types listed. Solicitation clause I-FSS-600, Catalogs and/or Pricelists, provides additional information on the pricelist and requires you to submit two copies of your pricelist with the offer. Your pricelist must be a published and available list that you are actually using and selling from, not a pricelist specifically prepared for this offer. The Contracting Officer will determine the prices contained in your offer by deducting the value of the discounts offered from this pricelist.

GSA001216

Identification of a Pricelist As The Basis For This Offer (check and attach ________copies of the pricelist)

(a)______Manufacturer's catalog/pricelist________________________________
(indicate type)
(b)______Dealer's catalog/pricelist
(c)______Retailer's catalog/pricelist
(d)______Other (specify)____

Section III - Warranty

You are asked to compare your standard warranty with the terms and conditions of the warranty required by the Government. Clauses 552.246-73 (Warranty - Multiple Award Schedule) and 552.246-17 (ALT I) (Warranty of Supplies of a Noncomplex Nature) which should be contained in your solicitation provide specific instructions on warranty services that you may be obligated to fulfill in connection with any contract awarded. Your comparison should consider the provisions of these clauses If the warranty offered to GSA is more favorable or less favorable than the commercial warranty, you must submit information describing the differences. Provide the value, expressed as a percentage of the catalog price, if the warranty offered to the Government is better than your warranty.

Warranty

(a) Submit your standard commercial warranty or specify where it may be found in your catalog or pricelist included with this offer.

(b) The warranty offered to GSA is more favorable____ less favorable____ equal to____ the commercial warranty? (check one). Describe and provide the value (expressed as a percentage of the catalog price) if more favorable or less favorable____ %.

Section IV - Installation and Instructions

This section is made up of two questions. First, it asks whether installation and instructions are included in your offer. If you check "yes," you must indicate where this information can be found in your catalog or pricelist. You are then asked to check if the installation and instructions you offer are more favorable, less favorable, or equal to those given to your commercial customers. If installation and instructions offered to the Government are more favorable than those offered to other customers describe how it is more favorable and provide the value expressed as a percentage of the catalog price.

Installation and Instruction

(a) Are installation and instructions included in this offer?
Yes____, No____ (check one).
If Yes, give details or indicate where the information may be found in your catalog or pricelist.

(b) *Are installation and instruction provisions offered herein to the Government more favorable than those in commercial customers? Yes____, No____ (check one). If Yes, describe and provide the value (expressed as a percentage) ____%.*

Section V - Other Data (Incidental Services)

This section contains five questions that provide information on incidental services offered by the offeror. The questions ask whether:

Other Data: (In FSS solicitations, answer "Yes" or "No" for each question).

(a)______*Do you maintain stock on hand of the items offered?*

(b)______*Do you display the Special Item Number(s) offered in showroom?*

(c)______*Do you provide any design and layout assistance related to this Special Item Number free of charge?*

(d)______*If you are a dealer, will you arrange to have other dealers participate in the schedule contract should you receive a contract?*

(e)______*Will you administer all incoming orders, including requests for expediting and follow-up?*

Section VI - End-of-Contract Additional Discounts Applicable to Aggregate Sales

This is the last portion of Part A. Vendors are to use this section to enter any proposed aggregate discount to the Government. Aggregate discounts are discounts earned by the Government and are computed at the completion of the contract period. The Government will earn any aggregate discount awarded in the contract if the sales accumulated under the contract exceed the projected level of sales. At the end of the contract the contractor must remit payment for any aggregate discounts earned by the Government.

If you have a current contract under the schedule on which your offer is made, insert the most recent 12-month reading of sales commensurate with the closing date of the solicitation. This figure is then multiplied by the total number of years in the proposed contract by the contracting officer. (A 12-month reading is used because MAS contracts have periods that run from one year to five years, thus the actual term of the schedule may change from one solicitation to the next.) New offerors should insert their best estimate of projected sales under a proposed contract, taking into consideration the number of Contractors under the current schedule, and the estimated sales reported by previous vendors. The projected sales estimates by both current and new offerors will be the base upon which the Contracting officer will compute to determine if any aggregate discounts have been earned by the Government.

Aggregate or End of Contract Additional Discounts

An additional discount of____ percent is offered to the Government which will be applied to the actual aggregate sales in excess of the following base figure under this contract:

(a) *For current MAS contractors, aggregate sales (annualized) to the Government for most recent 12 month period under similar contract(s) is $ ________, based on sales during the period ________ to ________.*

(b) *For other offerors, projected aggregate sales under this contract is $ ________.*

Part B - Discount and Sales Information

(Begin completing Part B by filling in the name of your company and the appropriate Special Item Number)

Section I - Identification of Items Offered

Provide the number of models or catalog numbers for each SIN included in your offer. This number should agree with the number of models you have marked in the pricelist you submit with this offer according to clause I-FSS-600, Catalog and/or Pricelist.

Identification of Items Offered. How many Model/type of catalog items do you offer under this GSA Special Item Number ________ (enter number).

Section II - Discounts Proposed to the Government With This Offer

Indicate in this section the discounts and concessions you are offering to the Government. The method of discounting may vary and could be any of the following:

- Basic discount to be deducted from the list price of the item. (Example: All items proposed under SIN receive 40%; OR 30% from list regardless of quantity)
- Quantity discounts computed on the number of units purchased with the discounts increasing as the number of units increases. (Example: 1 to 9 units get 33%; 10 or more get 40%)
- Dollar volume discounts computed on the amount of money expended on the order. (Example: $50 - $2,500 get 25%; over $2,500 get 40%)

Sometimes the discounts are the same regardless of the SIN or model number ordered; other times, the discounts vary by model and/or Special Item Number. If the discounts are the same for several SIN's, you may combine the discount information in this section by listing all applicable SIN's at the top of the page. If you plan to offer any other beneficial terms, concessions such as free training, free service manual, free replacement parts, etc., list them under paragraph (c) of this section.

Discounts. The following concessions are offered to the Government for delivery FOB destination.

(a) Discount offered on the above GSA Special Item Number is __________ % from pricelist dated _________, plus prompt payment discount, as stated on the first page of this solicitation (additional details may be entered below or attached). If discounts vary, show discounts on pricelist.

(b) Quantity Discounts. List below any quantity discounts included in this offer.

(1) Can models/products be combined within Special Item Number?
Yes______ No______. If Yes, provide details.

(2) Can Special Item Numbers be combined?
Yes______ No______. If Yes, provide details.

(c) Other beneficial terms, discounts, or concessions included in this offer such as prompt renewal discounts, purchase option credits, etc. (List below and provide detailed explanations).

Section III - Discounts/Concessions to Commercial Customers

This section requires you to disclose the best discounts and/or concessions provided to any customer other than the Federal Government. This means identifying the lowest net price regardless of quantity, terms and conditions. Although this section specifically identifies some types of customers, be sure you include any discounts and cost benefits you have extended to any of your customers. If you are unsure which category to list your customers, you may identify these customers, along with the discounts extended, in a separate attachment to the DSMD. Please describe the functions and/or requirements expected from these customers in return for the discounts granted. Note that in addition to disclosing discount arrangements and delivery terms, this section includes another "catchall" column in which you are expected to summarize any other type of service or concession allowed to any commercial customer. This could include free bonus goods, use of free loaners or demonstrators, etc.

You should complete all lines and all columns, entering discounts, terms, or writing "N/A" if a particular category does not apply. If additional space is needed, please provide a separate attachment. If you are not sure where to put data, attach a separate sheet of paper with the discount, terms and conditions.

Since the Government's objective is to obtain discounts which equal or exceed a vendor's best commercial pricing arrangements, with terms and conditions considered, submit backup data with your offer to explain the circumstances involved for any commercial discounts that exceed what is being offered to the Government.

Solicitation No. ____________________

III a. List below the best discount and/or concessions resulting in the lowest net price (regardless of quantity and terms and conditions) to other than authorized GSA contract users from pricelist for the same or similar products or services offered to the Government under this solicitation. (Show actual percentage and delivery terms)

		Regular Discounts (%)	Quantity Discounts (%)	Aggregate Discounts	Commissions to other than employees (%)	Prompt Payment	FOB Point	Other
(1)	to dealers/ retailers							
(2)	to distributors/ wholesalers							
(3)	to educational institutions							
(4)	to state, county, city, and local governments							
(5)	to original equipment manufacturers (OEM)							
(6)	to others (specify): e.g., nat'l accts, sales agreements, etc.							
(7)	If a dealer, indicate discount from mfg's pricelist							

The last set of questions in Section III concerns any other type of price concessions or bonuses available to commercial customers which result in a better net price than those discounts/concessions proposed to the Government. Specifically listed are: rebates, multiple quantity unit plans, cumulative discounts, and pricing arrangements which permit combining models for maximum discounts. If you answer "yes" to any of these questions, you must provide a full explanation of the circumstances under which the concessions are granted. There is also an "other" category where any other kind of discount is to be entered and explained.

IIIc. Do you have in effect, for any customer of any class within the MOL or outside of the MOL, other discounts and/or concessions including but not limited to the following, regardless of pricelist, which result in lower net prices than those offered the Government in this offer?

Yes ___ No ___rebates of any kind, including year-end or end of contract discounts?

Yes ___ No ___multiple quantity unit pricing plan?

Yes ___ No ___cumulative discounts of any type which cover items being offered?

Yes ___ No ___products (models)/services that may be combined for maximum discounts?

Yes ___ No ___others (specify)________________________________

If answer to any of the above is "Yes", provide detailed explanation including the value expressed as a percentage of the list price.

Section IV - Identical Items

A series of questions are asked in this section which are intended to help the contracting officer avoid awarding identical items to different vendors. You are asked if any of the products or models offered are sold under a different trade name. Under some private label arrangements, the same products are manufactured under different brand names. For example, do you manufacture a television with your company's name on it and send the identical television to another retailer that puts its name on the television? You are also asked if any of the products you are offering already appear in any other Federal Supply Schedule contract. This includes those schedules administered by the Information Resources Management Service of GSA and the Department of Veterans Affairs.

Any "yes," answer in this section requires a full explanation and backup data.

Finally, current schedule vendors are asked to summarize any changes in the concessions in this offer from their prior or current contract.

IV (a) Are any of the models/products offered herein sold by the offeror under a different trade name(s)? Yes_____ No_____. If "Yes", explain and provide applicable pricelists.

(b) To your knowledge, are there identical products offered herein contained in any other GSA Federal Supply Schedule contract? Yes____ No____. If "Yes", identify the product, schedule and contract.

(c) Summarize any significant changes in concessions offered herein as compared with those set forth in any current GSA contract.

Section V - Other Allowances to Commercial Customers

This section of the DSMD asks about allowances that you make to commercial customers that are not being made available to the Government under the offer. Specifically addressed are:

- Trade-ins - A vendor permits a customer to turn in used equipment in exchange for a cost allowance. This allowance is usually applied to the purchase price of the new equipment. Any trade-in arrangements should be clearly explained.
- Return/exchange goods policy - Vendors are requested to explain what their policy is when customers wish to return ordered items.
- Reduced prices on samples, demonstrator models, reconditioned items or floor models - Any special discounts and/or concessions offered when a customer buys other than "new" items should be explained here.

Once again the DSMD has a "catchall" question that asks you to discuss any other allowances given to commercial customers that are not specifically identified.

Allowances: Do you offer any of the following allowances to any customer which are not available to a GSA contract user under this contract? (Enter "Yes" or "No" for each. If Yes, explain.)

(a)____________ Trade-in allowances?

(b)____________ Return/Exchange goods policy

(c)____________ Reduced prices on samples, demonstrator models, reconditioned items or floor models?

(d)____________ Do you give any allowances not mentioned above?

Section VI - Government Sales Under Blanket Purchase Agreements

You are asked to state the total percent of Government business that is attributed to Blanket Purchase Agreements (BPA) under a Federal Supply Schedule contract. The names of the specific Government agencies with which BPA's are established are also requested. A BPA is a simplified method of filling a Government agency's anticipated repetitive needs for supplies by establishing "charge accounts" with qualified sources of supply.

For more information on BPA provisions see Clause I-FSS-646, Blanket Purchase Agreements.

Sales Information. Estimate the percentage of your sales made to the U.S. Government under Federal Supply Schedule Blanket Purchase Agreement (check one of the following):

None____ 25% or less____ 25 to 49%____ 50 to 74%____ 75% or more____.

List agencies below:

*1.*________________________________

*2.*________________________________

*3.*________________________________

*4.*________________________________*etc.*

Section VII - Sales Data

The last portion of the DSMD asks you to provide information that will help the contracting officer substantiate that the items offered qualify for an exemption to the submission of cost or pricing data. Examining a vendor's price for an item in light of its acceptability in the commercial market (exemption based on an established catalog or market price being sold in substantial quantity to the general public) is generally the method GSA uses to determine that the commercial prices are reasonable. Instructions for making this "test for commerciality" are contained in FAR 15.804-3(f). This test of commerciality must be established independently for each model within each SIN in the offer.

Section VII is divided into three subsections. Subsection A informs the offeror that sales information will be used by the Contracting Officer to determine commerciality and price reasonableness. Subsection B is divided into two parts. The first part requests information concerning sales to both the Government and to all other entities for all models offered in each SIN. The second part of subsection B requests sales information for the top selling models within each SIN. Subsection C asks for sales information for models which do not meet the test of commerciality.

1	2		3	4		5	6		7		8
Model/Type or catalog no	Total annual sales to Fed Govt		Total annual sales to nongovernment customers at catalog price less published discounts	Total annual sales to nongovernment customers at other than catalog price		Total annual sales Columns 2, 3, and 4	Provide information below for largest discount granted to any nongovernment customer		List the largest discount at which the item was sold for comparable sales/quantities shown in column 2 to any nongovernment customer during the past year		Is the discount in block number 6 greater than your current offer under this solicitation? Yes ______ No ______ If yes, provide complete documentation and rationale of the difference. Merely submitting copies of documents such as terms and conditions of commercial contract, commercial warranties, etc., will not be adequate to justify the difference
	$	% of column 5		$	% of column 3 if more than 25%		Qty	Discount	Qty	Discount	

COLUMN 1 Insert the catalog or model number of the top selling items of the products offered for this SIN

COLUMN 2 Indicate the total Government sales for the identified model numbers. Also, insert the percent these sales represent of the total sales (Government and commercial) shown in Column 5. (Federal sales as defined in Section VIIc of the DSMD are sales to the U.S. Government and its agencies, as well as to contractors and subcontractors for use by the U.S. Government.)

COLUMN 3 Show the total sales to non-government customers for the identified model numbers. Include sales made at the catalog price minus any published discounts, i.e., standard quantity or volume discounts. Non-government is defined as other than Government or its affiliates (including sales to distributors, dealers, original equipment manufacturers, national accounts, educational institutions, state and local governments.)

COLUMN 4 Indicate total sales to non-government users made at other than catalog price. This includes special one-time or one customer pricing arrangements (dealer, OEM, national accounts), and/or any discounts extended to the public in order to remain competitive. Vendors must show the percent these sales represent of the total commercial sales (columns 3 and 4)

COLUMN 5 Provide the total of all sales for each identified model number (total of columns 2, 3 and 4)

COLUMN 6 Indicate your best discount given to any non-government customer, and the quantity level ordered in connection with that discount for each model number identified in this chart. This disclosure should agree with your disclosures of best discounts under Section III of the DSMD

COLUMN 7 Insert the best discount given to any non-government customer for the quantity/dollar range ordered by the Government as shown in column 2 for the identified model numbers.

COLUMN 8 Indicate if the best discount arrangement (column 6) is also extended to the Government in your offer. Provide appropriate written details if the proposed Government discount is less than that available to commercial customers.

To complete this Subsection B, fill in the overall sales data requested in subparagraphs B(1) and (2). The sales data given here should apply only to models actually offered under the SIN -- not your entire commercial product line. However, the data here must apply to all models offered under the SIN, not just the top selling models listed in the subsequent charts. The Government sales should include all Government sales, and not just Government sales under a GSA schedule contract. Sales reported for B(2) should represent all sales, both Government and commercial.

The reporting period selected should be the most recent available 12 month period.

VII. A. *This section requires (1) that sales information be provided to enable the contracting officer to determine that the items meet the test of commerciality in FAR 15. 804-3 and ASPM Vol. 1, Chapter 9; and (2) that pricing data is furnished in sufficient detail to enable the contracting officer to perform a price analysis in accordance with FAR 15.804-3(h).*

B. The offeror certifies that, except for the individual models/types or catalog numbers cited in paragraph C below, all other models/types or catalog numbers offered in response to this solicitation meet the tests of commerciality in FAR 15.804-3 and ASPM Vol. 1, Chapter 9. Of the individual models/types or catalog numbers so certified, sales information shall be provided in the table below for each of the ____models/types or catalog numbers with the largest dollar sales volume. The sales information provided is ____ for the prior 12 months, from _____ to _____ for this special item number.

1. *Total annual sales to the Government under this special item number $______.*
2. *Total annual sales (to all entities) under this special item number $______.*

Below these two fill-ins, the chart in Subsection B requires sales/discount input on a representative number of models from your commercial pricelist. You should select those models that are historically the most popular selling items within the Government for the period identified in paragraph B. The number of models for which sales data will be required will be determined by the contracting officer based on the commodity being procured.

Subsection C must be completed only for models which do not meet the test of commerciality. The sales information to be provided in Subsection C is substantially the same type of information that should be provided in response to the chart in Subsection B.

Accurate, Complete and Current Disclosures.

Disclosures Are Protected. The data provided in the DSMD and any supplemental information submitted to support such data, as well as any cost or pricing data submitted, are protected from unauthorized disclosure by a number of statutes. These include the:

- Procurement Integrity provisions (section 27 of the Office of Federal Procurement Policy Act - 41 U.S.C. 423)
- Freedom of Information Act - 5 U.S.C. 552
- 18 U.S.C. 1905 - Disclosure of Confidential Information

In addition to the above, our contracting personnel are cautioned several times in the Federal Acquisition Regulations against improper disclosure of proprietary information. As an added precaution, contracting personnel are instructed on how to handle and secure offers to avoid accidental exposure or unauthorized access to proprietary/confidential information. Severe penalties can be imposed against a Government employee who fails to comply with these regulations/laws. This high level of business security is maintained in order to preserve the integrity of the acquisition process.

Nondisclosures May Result in Your Offer Being Rejected. GSA will generally give you a reasonable opportunity to remedy any deficiency of information by holding discussions after offers are received. However, GSA frequently receives MAS offers that are so deficient that there is no basis on which to begin negotiations. For example, a failure to specify the models being offered or a failure to supply DSMD together with the offer, makes it impossible to begin meaningful negotiations. You are usually given at least 30 days from the date that a MAS solicitation is issued to prepare and submit an offer. It is important that you make maximum use of this time to gather all needed data, getting clarifications from GSA on areas of the solicitation not understood in order to assure that your proposal is complete when submitted. Many of the MAS solicitations contain Checklists which you should use to ascertain that all required areas of the solicitation, especially the DSMD, are accurate, complete and current. Failure to provide accurate, complete and current information may result in your offer being rejected without further consideration.

Examination of Records Provisions. All MAS solicitations/contracts contain two examination of records provisions. The first clause, 52.215-1, (Examination of Records by Comptroller General) gives the General Accounting Office authority to have access to and examine any books, documents, papers or other records involving transactions related to any contracts awarded. The second clause, 552.215-70 (Examination of Records by GSA) affords GSA authorized personnel that same right.

The Government performs preaward audits on some offers, and postaward audits may also be conducted. The results of both preaward and postaward audits frequently reflect instances where MAS offerors failed to fully disclose discounts granted to non-government customers. Many of these undisclosed discounts were higher than the discounts offered and/or awarded to the Government. You are therefore cautioned that the Government may exercise its rights to ascertain the validity of the data submitted through its audit procedures.

Remember, you must certify that the information provided in your offer is accurate, complete and current. This certification is made under Clause M-FSS-330, (Basis for Price Negotiation). If any of the discounts/sales/marketing data changes as a result of discussions and negotiations after receipt of your proposal, you will be required to recertify the data.

Consequences For Providing Deficient/Defective Data. Consistently submitting inaccurate, incomplete, and/or noncurrent data puts the Government in a position of not having confidence in the certification made by the offeror. Repeated submissions of deficient data could eventually result in an offeror being determined nonresponsible. In addition, false certifications under MAS contracts may subject contractors to a variety of criminal and civil penalties. Further, a Contractor's failure to disclose accurate, current, and complete DSMD information may also subject a Contractor to a claim under the the Price Reduction for Defective Pricing Data provision of the contract. (See Clause M-FSS-330.) Other administrative actions available to contracting officers for dealing with those contracts containing defective pricing information include:

- cancellation of contract
- termination of contract
- determination of nonresponsibility for future offers
- monetary recovery

As is evident from above, the Government takes very seriously the problems associated with deficient and defective information. Just as we hold our contracting personnel up to high standards for protecting the information you provide, we expect a high degree of integrity from our vendors. Information reported as being accurate, complete and current must be so. The efficiency and economics of our system and taxpayers' dollars demand no less.

Summary of DSMD. Congress, citizen groups, Government agencies, and the General Accounting Office are constantly scrutinizing the MAS Program, especially with regard to the prices. Again, our goal is to be able to guarantee our Government agencies the best price available. If we cannot get the lowest price, we want to be able to fully justify to those who ask why our prices are not the best available. Our ability to fulfill this objective depends on you. The information you provide in the DSMD is the major tool we use in examining the economic advantage of prices obtainable through the MAS Program.

We are committed to clarifying and simplifying this process where we can. We depend on you to be committed to providing accurate, complete and current information. It is also important that you seek assistance prior to the submission of your offer if you do not understand some provision of the solicitation, especially the DSMD. Becoming familiar with applicable provisions contained in the Federal Acquisition Regulations, the MAS Policy Statement, and information contained in this Vendor Guide will also reduce the amount of errors and/or misunderstanding associated with the MAS solicitation.

COMMERCIALITY

SUMMARY

No Government contract can be awarded without a determination of price reasonableness. In order to determine price reasonableness, regulations require cost or pricing data for all procurements over $100,000, and when appropriate, certified cost or pricing data for procurements between $25,000, and $100,000. there are, however, three exceptions:

1. Based on adequate price competition.

2. Based on established catalog or market prices of commercial items sold in substantial quantities to the general public.

3. Set by law or regulation.

The first exception if there are two or more vendors bidding independently and competitively, you may determine prices to be reasonable without cost and pricing data. The third exception takes price out of the control of the vendor. Typical of this exception are rates charged by utility companies

The second exception is what brings multiple award contracts into the realm of the possible - not easy, but possible - and, furthermore, established the resulting multiple award contracts as competitive. The exception refers to "established catalog prices". The key is established regularly maintained catalogs or pricelists available for customer inspection so that any potential buyer, free to choose, may use the pricelist in making a purchase decision. (Market prices are a different category of competitive prices and their effect on pricing is accounted for in the Economic Price Adjustment Clause and discussed elsewhere).

In MAS contracting, prices offered to the Government are based on established commercial pricelists. A company may have one pricelist or many. If there is one pricelist it may be discounted to various categories of customers - dealer, wholesaler, OEM, educational institutions, etc. (Bear in mind that these categories have only general definitions. One manufacturer's distributor may perform virtually the same functions as another's OEM. The designations are only a guide. If they become important in your evaluation, specifics must be developed.)

There may be a separate pricelist or pricing guide for each category of customer. Each category is a different segment of the market. Customers in one category do not necessarily have the right to know prices to other categories of customers. (Another reason for respecting the confidentiality of the offer.)

We're looking for an established pricelist. The physical character of the pricelist can provide a clue to its authenticity. If the pricelist is printed and accompanied by a catalog or brochure, you can assume the pricelist is established - whether anyone is buying from it is another matter which we'll discuss shortly. However, if there are some hand changed prices, you'll want to question those. Ask for actual sales records to show that sales have been made at those prices. If the pricelist is a blurry copy of dubious origin or neatly typed and obviously made up in reply to the solicitation, question its validity.

Even the world's most beautiful pricelist means nothing until you determine who buys from it and how much they buy. In fact, it may not be necessary to concern yourself with an "established pricelist" if sales to the "general public" are not substantial". These are chicken-and-egg determinations; it doesn't matter which comes first. If the pricelist isn't available, before you ask for it, check the Discount Schedule and Marketing Data sheets for reported sales under Part VII. This information determines whether sales to the general public are substantial and are, therefore commercial.

Commerciality - evidence of which is found in substantial sales to the general public - is something like money. If you have enough of it, you don't have to worry about it. If you don't have quite enough you need to look for other sources. Finally, there's a point below which you'll never have enough, so it's no longer an issue.

Sales made to the general public are sales not made to the Federal Government or Government contractors for eventual end use by the Federal Government. The offeror provides historical sales data regarding Federal Government and nongovernment sales for each SIN. This sales history is used to determine commerciality (substantial sales to the general public) which is established on a model by model basis. The offeror gives detailed sales information for the models with highest sales volume under each special item number, and for each model which does not meet the commerciality criteria of the FAR and ASPM. This information needs to be reviewed carefully. (Besides commercial sales data, it shows which items are top sellers, and should be incorporated into your price analysis where it is used to establish negotiation goals. It's important to go for discounts and concessions where the sales are.)

How to determine whether sales are substantial is discussed in FAR 15.804-3 (f) and, extensively, in the Armed Services Pricing Manual (ASPM). ASPM provides good, easy to understand information regarding pricing and will be quoted or referenced in virtually every procurement course. The FAR refers to Standard Form 1412 and the ASPM to Department of Defense Form 633-7. Don't be confused by the form number, since the information required in DSMD, Part VII, B parallels the information on the referenced forms except that the FAR and ASPM refer to categories A, B and C, and DSMD asks for the same kind of information in columns 2, 3 and 4:

ASPM & FAR		DSMD
A	Sales to U.S. Government	2
B	Nongovernment sales at Catalog Prices	3
C	Sales to the general public at other than catalog prices	4

There are two separate percentages which are necessary to determine commerciality: (1) the percentage of nongovernment (commercial) sales to total (Government and commercial) sales, and (2) the percentage of non-government sales at catalog prices to total non-government sales. In other words, is there a commercial market and are most commercial sales at published catalog prices:

1. Sales in DSMD columns 3 and 4 together should account for 55 percent of total sales. That is, 55 percent or more of sales made to other than the Federal Government. This calculation satisfies the requirement for "substantial sales to the general public".

2. Columns 3 and 4 are different categories of commercial sales. Column 3 represents regular commercial sales from published pricelists - including in sales at published discounts from those prices. Column 4 represents sales made at other than published prices - usually to corporations or institutions for large requirements or definite quantity buys. (The same logic applies to large commercial buys as to large Government buys. There are inherent savings to the vendor which can be shared with the buyer.) Column 3 (published prices) must be at least 75 percent of the total of columns 3 and 4, and is just as important as the percentage of commercial sales to total sales, because it establishes that "sales to the general public" are at "catalog prices:.

If both percentages meet or exceed the minimums - nongovernment sales are 55 percent or more of total sales and commercial pricelist sales are 75 percent or more of total commercial sales - you can assume commerciality is established.

That's the easy part. What do you do when commerciality isn't readily apparent? ASPM gets a little confusing at this point because 55 percent means "go" in one calculation and "stop" in the other. An attempted clarification follows. The first calculation, percentage of commercial sales to total sales should not go below 35 percent and between 35 percent and 55 percent needs to be investigated:

$$\frac{\text{Columns 3 and 4}}{\text{Columns 2, 3 and 4}} = 35\% \text{ to } 55\% = \text{Investigate}$$

The second calculation, commercial sales at catalog prices (published pricelist) to total commercial sales should not go below 55 percent and between 55 percent and 75 percent need to be investigated.

$$\frac{\text{Columns 3}}{\text{Columns 3 and 4}} = 55\% \text{ to } 75\% = \text{Investigate}$$

Investigate what? The offeror will probably give you an explanation which he thinks is reasonable or, at least, plausible. Very often, the explanation will center around the similarities between the noncommercial (Government) models and the commercial models.

It may be the Government models are different configurations of products bought in substantial quantities by the commercial market or perhaps the Government requires a modification to a commercial model which adapts it to use in a mobile field office (a typical DoD application). For internal accounting purposes, the vendor may have designated these configurations as different "models". It's up to the contracting officer to quantify the differences based on the information supplied by the vendor and established the "commerciality" or lack of commerciality for each model. Another consideration when there is a decreasing market is the probability of obsolescent technology. Should the Government continue to buy these models? It depends upon the circumstances. Perhaps it makes sense to support the Government demand and give Government customers the option of using both the old and new series of models. The American manufacturer's share of the market may have been affected by changes in tariff rates or in currency exchange rates. Can you establish commerciality based on the previous year's sales? An exceptionally large Government purchase in one year can create a commerciality problem for a small business. ASPM gives many examples of situations where commerciality is not immediately evident. Your commerciality problem will probably not match any example exactly. This is what removes MAS contracting from the routine and mundane. There are regulations and formulas, but not every situation can be covered.

CHAPTER 16

GETTING ADEQUATE DATA FOR PRICE ANALYSIS

CONTENTS

PAGE

16.1 Sources of Data 16-1
Offeror-supplied data 16-1
Historical data 16-2
Other Government data 16-2
Market data 16-4

16.2 Considerations in Gathering Data 16-5
Timing 16-5
Quantity and kind 16-5
Quality 16-6
Field pricing support 16-8

16.3 Evaluating Data 16-8

16.1 Sources of Data

For price analysis, you must get other prices and, if necessary to make them comparable, adjust them for differences in market conditions and contract terms (actual and proposed).

Price data can be divided into four categories: offeror-supplied data, historical data, other Government data, and market data. Within each category there are several specific sources that may be useful in a given situation. Data obtained from one source may be used to verify conclusions reached using information from a different source.

Offeror-supplied data

You start analysis with the competitive bids or proposals submitted for the procurement. If 10 bidders respond to an invitation for bids (IFB), there is a strong presumption that the lowest price from a responsive and responsible seller is fair and reasonable.

Competitive bids or proposals also may give you the basis for questioning the reasonableness of a price. Assume the situation where a low firm is disqualified on administrative grounds (e.g., for failure to sign the bid). In this case, existence of a large difference between the prices of the disqualified low bidder and the next lowest bidder may indicate that the next lowest price is not reasonable. Similarly, a proposal that offers slightly less technical merit but a major price advantage calls into question a proposal that offers somewhat more quality at a much higher price. Such questions must be resolved using data from other sources.

Offerors may provide pricing information in addition to their competitive proposals. These include:

- Data used to support an exemption from the requirement to submit cost or pricing data.

- Data regarding past contracts for similar work, often required in order to demonstrate responsibility.
- Line-item prices, important for analyzing whether a balanced proposal has been submitted.
- Supplier catalogs and subcontractor data offered, for example, to support an "or equal" determination.

You can use this information in many comparisons and verification tasks. For instance, you can:

- Compare the offered price to the catalog or market price of *each* offeror.
- Compare what is being offered to what was charged on previous contracts by both the same offeror and others.
- For an indefinite quantity contract, verify the quantities estimated by the Government for use in evaluating competitive proposals.
- Evaluate the price implications of limiting the procurement to a particular brand name.

Although a good deal of data are received from offerors as a matter of course, you must spell out specific data requirements in the solicitation. If you don't, you may find that data are presented in ways that make comparisons difficult, or are not submitted at all.

Historical data

Price analysis uses the price history of an item or service to evaluate a current offer. The contract files of previous buys will tell you how those earlier prices were analyzed and justified.

Historical data usually are available within the contracting office, but you may have problems locating the right files. Some offices maintain manual or automated systems that index procurements by commodity or service; others organize files by contract number and perhaps by contractor. The best way to find files that are not indexed by commodity or service is to talk to other buyers.

You also can get historical data from prospective contractors. Requesting information on prior contract awards helps you get market and price information and determine the responsibility and technical skills of offerors. However, don't impose an unnecessary burden by routinely requiring such information.

You also may get historical information from other buyers, within and outside the Government. Many of the same products and services are bought by Government offices and private businesses. While there is no formal method for exchanging this sort of information, you can develop and maintain contacts through contract management, purchasing, and trade associations. A call to an associate may get you valuable information.

Other Government data

You generally have at least one important data source, the independent Government estimate included as part of the purchase request package, when you initiate a procurement. This estimate may be based on substantial knowledge of the market or on nothing more than an advertisement for the product. No matter what its basis, the estimate is a starting point; the requisitioner may have based the budget allocation on it.

The significance of the independent estimate varies from one procurement to the next depending on the availability of other information and your assessment of the situation. You need to know how the estimate was prepared, what the assumptions were, and how reliable it is. Try to find out the basis for the estimate and make sure the information and assumptions are reasonable.

You can get other information from Government sources. Through statistical and "market watch" functions, some Federal agencies collect, maintain, and report valuable data concerning the pricing of thousands of products, services, and commodities. The major data sources are the Department of Commerce (Census Bureau and Bureau of Economic Analysis) and the Department of Labor (Bureau of Labor Statistics). The Departments of Agriculture and Energy also have price and cost information on specific commodities.

DoD components have experts who can advise on construction costs, on a wide variety of services, and on product design, manufacturing, and pricing. You also can consult with experts in other agencies and get technical data published by these agencies as well as by the National Technical Information Service.

Of all the data, you probably will use the consumer price index and the producer price index most often. Each index compares changes in price to stated bases. The indexes, along with subindexes for individual groups of commodities, can be used as general indicators of price trends, as comparison points for purchase prices of listed products, and as guides to price escalation and inflation. Put another way, the indexes help establish a common denominator between a price paid 15 months ago and a price offered now.

Producer Price Index

The producer price index (formerly called the wholesale price index) has greater utility than the consumer price index. The producer price index is published by the Bureau of Labor Statistics. It tracks changes in prices that producers receive from the initial commercial purchasers of their products. It reflects the selling prices of selected manufacturers or the prices quoted on organized exchanges such as the Chicago Board of Trade. The prices usually are f.o.b. origin for immediate delivery.

The producer price index is published in a monthly report, *Producer Prices and Price Indexes*. This report also includes average prices for selected commodities.

The Bureau of Labor Statistics also publishes articles on patterns and trends in producer prices in its *Monthly Labor Review*. Two Bureau of Labor Statistics (BLS) reports also may be of use. These are *The BLS Industrial Price Program: A Survey of Users* (Report 509, 1977) and *Producer Price Indexes: A Guide for Contracting Parties* (Report 570, 1979).

The Consumer Price Index

The consumer price index also is published monthly by the Bureau of Labor Statistics. This index provides a guide to changes in "retail" prices. It is used as a price adjustment factor in some areas of procurement (leasing in particular) and as a general gauge of inflation. However, the producer price index usually is a better source of data on price trends because the Government usually is a "wholesale" buyer.

Market data

This cat gory includes everything from informal telephone quotes to formal market surveys to prices advertised in trade journals and newspapers.

A great deal of price information is available through privately published sources. Trade associations, user organizations, and individual companies regularly provide information which, if used, greatly simplifies the tasks of market research and price comparison.

Trade journals contain a great deal of information. They address topics as diverse as chickens (*Poultry and Egg Weekly*) and paint (*The American Paint Journal*). There are local publications that report price information within the immediate trade area (for example, "Black's" reports on commercial lease prices for selected East Coast cities). A complete listing of such publications can be found in most large libraries in the Index to Periodicals. Trade associations also can supply information.

In addition, trade and user associations often publish useful market indexes. They indicate price trends, often with more specificity than the Government indexes. However, because the indexes usually are compiled from data gathered from association members, you need to find out if the membership is representative of the total market. The Bureau of Labor Statistics has reviewed many association surveys and can help you.

The *Wall Street Journal* is a prime source of general market data and of index, quotation, and sales data as well. A national business publication, the *Journal* has information on every aspect of business. Get familiar with the indexes, charts, and reports of quotations, sales, and other business developments available on a daily or weekly basis in the *Journal*.

Other newspapers, both specialized and general circulation, regularly have useful data. Advertisements are very important sources. The easiest possible comparison of prices can be made by checking prices offered in newspaper and magazine ads. If you find a product offered to you at $25 advertised in the paper for $20, you may be on the way to finding the quoted price too high. Before you reach that conclusion, identify and evaluate the pricing environment. You might find that $20 is a one-day sale price and not reflective of market price.

The price of an advertised product also may be found in published catalogs. Both retail and wholesale catalogs will give price information with which to compare offers. Catalogs generally are available at little or no cost directly from manufacturers or dealers, as well as in the business sections of many libraries.

Market data also can be obtained through market surveys (see FAR 7.101). You may do this by asking both suppliers and users for price information. You may do this by phone or by letter. Any survey should be structured to elicit as much specific information as possible, including terms and conditions that could affect price. FAR 15.405 provides instructions and conditions for the use of "information-only" solicitations.

You also can use requests for quotations, Commerce Business Daily announcements, and in some cases, local newspaper announcements to get price quotations for informational purposes. However, the information received by these means are asking prices and not actual sales information.

16.2 Considerations in Gathering Data

Consider three principal factors in gathering pricing data:

- *Timing*. To be useful, data must be collected in a systematic and timely manner. Data needs must be anticipated.
- *Quantity and kind*. Determine how much and what kind of data are needed. The more data points (different comparisons) you have, the sounder your analysis will be. Your objective is to get those data that will help determine and demonstrate the reasonableness of prices.
- *Quality*. Quality and usefulness of data depend on the data's accuracy, completeness, currency, and comparability.

In assembling data, the key will be how much the data reveal. Often the kinds of data available and their quality will determine the quantity of data you will need. In the following discussion, it will be increasingly clear that the three considerations are interrelated and that data must be assembled and assessed with all three considerations in mind.

Timing

Decide early what method you will use to organize price and market data and the sources from which you will seek the data. Timing is critical. If you are to do a market survey, you must allow time for survey preparation and data collection and analysis. If you are going to ask for informational quotations, allow time for advertising, source selection, mailing, and response. Even market research using published sources takes time.

Beyond time allowances, anticipate the types of data needed. If data requirements are to be placed on the offeror, tailor the solicitation to include the right provisions. Especially in procurements where you are not familiar with the technical issues, decide in advance what technical assistance you will need and make the necessary arrangements.

Quantity and kind

Deciding how much and what kind of data to collect, as well as how to organize it and how to use it is tough. Before issuing the solicitation, decide how much data to ask for. Just as too little data can make meaningful analysis difficult, too much can make it difficult to sort out the relevant data. You want to decide if the offer is fair and reasonable and not to develop a model of an ideal price.

You must know the product or service you are to buy. A decision to pay $400 for a hammer would be a breakdown in the data assembly process. If you know what you are buying, you will need very little data to realize that the quoted price is way off.

Questions and considerations to be addressed in assembling data are set out in Table 16-1. The list is a guide to key topics, not an exhaustive list of all things.

TABLE 16-1. KEY CONSIDERATIONS IN ASSEMBLING PRICING DATA

Type of Product

- Is the product a basic commodity with established trading organizations?

  Raw materials, foods, and other staples often are sold on exchanges for which excellent market data exists. These data may help when making bulk purchases.

- Is the product a general-purpose commercial item with major retail and wholesale markets?

  Products may be sold at established catalog prices. Retail or wholesale catalogs may indicate fair and reasonable prices.

  Publications such as *Producer Prices and Price Indexes*, and even *Consumer Reports* may provide useful information on price and quality issues

  A competitive market may be expected. The primary source of data may be the bids themselves.

- Is the product built to Government specifications?

Type of Market

- Is the market stable or fluctuating?

  In a stable market, historical data are useful; adequate competition is likely to have existed and changes in relative values of prices are fewer, thus simplifying analysis.

  In an inflationary market, Government price indexes help you determine reasonable escalation.

  In technologically advancing markets, trade journals and user-oriented publications can alert you to product improvements and price *decreases* caused by product obsolescence.

  In markets threatened by foreign competition, you may, through market surveys, trade journals, and informational quotes, learn of price decreases caused by competitive pressure.

- Is the market broad-based or does it tend toward monopoly?

  The existence of many suppliers reduces the need for data as competition should drive price to the lowest level.

  With few sources, use all available data.

  Failure of suppliers to respond may indicate a problem with specifications. An independent technical review may be required.

- Are there other buyers?

Agency Expertise

- Is the product within the requisitioner's area of expertise?

  If the requisitioner repeatedly relies on a given market, confidence in the Government estimate can increase.

  If the activity is buying outside its mission or for a new mission, more product and price analysis is required.

  If the activity is buying outside its mission or for a new mission, outside technical assistance and the experience of other agencies may help.

Time of Purchase

- What is the time of the purchase?

  Market data from published sources may indicate a potential for countercyclical buying (buying when demand is down and supply is up).

  Trade journals and other publications may indicate unusual price increases caused by brand-name popularity, indicating a need for caution in pricing and perhaps a need to identify other products.

  Government indexes, market surveys, and trade journals may forecast price changes and thus indicate a buying strategy of either stocking up to hedge against shortages or delaying purchase until a price decreases.

Quality

No matter how much data you collect, make sure the data are valid for the task. The quality of the data has important implications for how much data will be required.

Accuracy and Relevancy

Pricing data can be relevant but inaccurate, or accurate but irrelevant to a particular pricing task. For example, suppose you get an offer of $69 for a wheelbarrow at a time when a local hardware store is advertising the same item in the paper for $29. Before tossing out the offer as unreasonable, take the following steps:

- Verify that the advertised product is in stock and actually for sale at the advertised price; that is, determine the data's accuracy.

- Compare the advertised product to the product that is being offered and to the specifications for your buy; that is, determine the data's relevance.

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- Analyze the conditions affecting the offered price, the terms of sale. This involves evaluation of the comparability of the data.

Failure to take these steps can lead you to wrong assumptions. Analysis may show that the $29 wheelbarrow is part of a promotion and that its availability at that price is limited. The cheaper wheelbarrow may be inferior to the $69 one and unsuitable for the use intended. The price may reflect a one-time sale or an effort to clear inventory. The newspaper ad gives you pricing data but its value must be tested.

Other situations that require verification of accuracy, relevance, and comparability include:

- Data received from an interested party such as a trade association or a large business prohibited from competing by a small business set-aside.

- Data received from a dissimilar buying organization; commercial products may not meet the requirements of military-use end items.

- Conflicting data received from two or more sources.

Completeness

Data must be complete. An offeror may submit some but not all the data that are requested and needed. For example, an offeror who was asked to provide information about past procurements may select cases where the buyers paid list prices and omit sales to dealers or original equipment manufacturers on the grounds that the Government is not a dealer or manufacturer. Similarly, published data may not account fully for price differentials resulting from differences in warranty, material, design, and maintainability.

You will be in a good position to request the necessary data and judge its completeness if you know what you are buying, its function, its size, and the markets it is sold in. Knowing the product, you can spot gaps and inconsistencies in the data. Then you ask questions and follow up on anything that is not explained, is not clear, or seems irrelevant. For example, if you are buying items that are or seem to be commercial, analyze the data submitted to support claims for catalog or market price exemptions. The sales data required for those claims are of such a nature that there almost always will be holes that demand questioning and clarification.

When necessary data are not supplied, despite repeated requests by you and those above you in the organization, you may declare the offeror nonresponsive and turn to another. This decision involves a number of considerations, including time demands and the availability of other acceptable sources, and your efforts to get the data, including requests of superiors, must be forthright.

With data that comes from sources other than the offeror, what you do about missing information will depend on the circumstances. If a specific piece of data cannot be verified but a wealth of other information is available, disregard the questionable data and use the other. Sometimes data from a particular source will not stand alone but is useful when combined with other data. Generally, however, partially understood information creates more problems than it will solve. Incomplete or unverified information should not be used if you have alternatives.

Currency

Even if data are accurate and complete with prices that are comparable to and support the current offer, you don't necessarily have anything if the prices were established months ago, particularly if there have been sales in the intervening period. Currency of data is particularly important in a changing economy or fluctuating market. Data collected 12 months ago concerning the prices of microcomputers, sensors, propulsion units, and valves are worthless today unless adjusted using other pricing information.

Keep up with the markets within which you operate. Know how the markets are influenced by interest rates and inflation, raw materials and labor conditions, and changes in taxes and other laws.

Stress the techniques that elicit current prices. Use competitive procedures and market surveys, and review current published price data whenever possible. The discussion of primary comparisons in Chapter 14 expands on this.

When using past prices in comparisons, remember that a price paid yesterday is more valuable than a price paid two years ago, other factors being equal. Currency can be achieved through statistical and other methods of adjustment, but the older the information, the more work it will take.

Field pricing support

Field pricing support is furnished by administrative contracting officers (ACOs), price analysts, engineers, auditors, and others outside the contracting office. Field pricing support usually is furnished for those procurements in which cost or pricing data are required and cost analysis is to be performed. As a practical matter, DFARS generally restricts requests for field pricing support to fixed-price contracts over $100,000, fixed-price-incentive contracts over $250,000, and cost-reimbursement contracts over $500,000, and for these reasons you rarely may ask for help in price analysis.

This is not to say that you (the contracting officer) shouldn't ask for and expect assistance when you need it. When you do ask, understand that for years the principal focus in the field has been on costs, cost or pricing data, projections of costs into future periods, and testing incurred costs for allowability. Be explicit in describing what you want and the kind of information you need.

Ask the field support team to review the data submitted with a claim for exemption from the requirement for cost or pricing data, particularly when you decide that further investigation is required before you can determine commerciality in connection with the catalog price exemption. The auditor can verify sales data and investigate whether reported sales are categorized properly as *A*, *B*, or *C*. The opinions of the field support team as to the meaning and significance of the pricing data and the reasonableness of price are advisory. Final responsibility for price analysis and price is yours alone.

16.3 Evaluating Data

Each piece of pricing information must be analyzed in light of other information. For example, catalogs may indicate the going price for a machine tool is $15,000 and a market survey may tell you that because of a strike in the steel industry, the going price is $16,500. Meanwhile, a trade journal article alerts you to a new laser tool priced at $18,000 and twice as efficient as the one contemplated by the purchase request. Reading further, you learn that the laser tool is a prototype and the price is an estimate. At this point, the accuracy, completeness, relevance, and utility of the $18,000 price is questionable. Even if accurate, complete, and current, the information does not contribute to the procurement of a piece of equipment for present needs at a reasonable price. The information's principal value is the clue it gives you about possible future price decreases in equipment prices due to technological obsolescence.

Few sources of data have absolute values. Each piece of information is a part of the whole upon which price reasonableness is predicated. Each new piece of information can affect conclusions about the quality of other assembled data. You must assess the relative accuracy of the data source, the amount of market information provided by the source, and the currency of the information.